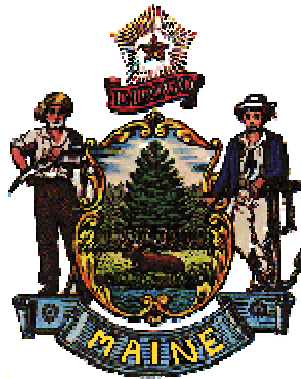


COMPLIANCE AUDIT REPORT

**STATE OF MAINE
WORKERS' COMPENSATION BOARD**



GREENWICH INSURANCE COMPANY
As of July 9, 2002

Monitoring, Audit & Enforcement (MAE) Division

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SUMMARY

The Audit Division of the Maine Workers' Compensation Board examined all claim files for the period under examination (2001) to determine compliance with statutory and regulatory requirements in the following areas:

- Form filing
- Timeliness of indemnity payments
- Accuracy of indemnity payments

Of the claims files audited, there was 1 controverted "lost time" claim and 1 "medical only"¹ claim.

Our audit revealed:

- Greenwich Insurance Company has their Maine Workers' Compensation claims administered by a third party administrator, Gates McDonald, located in Burlington Massachusetts. This TPA is responsible for *all* activity within the cycle of the claim.
- All reportable claims identified had been reported to the Board at the time of audit.
- The one claim that was controverted was done so 20 days after the employer had notice of a claim for compensation. The Audit Division has requested that Greenwich Insurance Company make a mandatory indemnity payment to come into compliance with Board Rule 1.2.

Greenwich Insurance Company has requested that the mandatory payment be tabled until such a time that a formal judgement has been made. The Audit Division has granted this request pending the understanding that the Hearing Officer assigned to the case will confront the violation during a Worker's Compensation Formal hearing. If the Hearing Officer does not confront the 14 - day violation, the Audit Division retains the right to find Greenwich in violation subsequent to the issuance of this report.

- No data was available in the sample to judge if there were any general problems in the methods used to determine average weekly wages and benefit rates.
- There were no subsequent payments required.
- All forms required were submitted to the Board late. Greenwich Insurance Company is encouraged to discuss claims handling practices with its TPA.

The Audit Division would like to thank Greenwich Insurance Company and its staff for the use of its facilities and providing the audit staff the necessary materials needed to complete the audit in a proficient manner.

¹ "Incident only" claims incur no medical expenses and less than a day of lost time.

PENALTIES

♦ Penalties Allowed by Law (Payable to the Workers' Compensation Board)

39-A M.R.S.A. Sec. 359(2)

“In addition to any other penalty assessment permitted under this Act, the board may assess civil penalties not to exceed \$10,000 upon finding, after hearing, that an employer, insurer or 3rd-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims. The board shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt. This certification by the board is exempt from the provisions of the Maine Administrative Procedure Act.”

39-A M.R.S.A. Sec. 360(1)(A)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete any report or form required by this Act or rules adopted under this Act;”

- Four (4) forms were not filed (\$400.00)

39-A M.R.S.A. Sec. 360(1)(B)

“The board may assess a civil penalty not to exceed \$100 for each violation on any person: Who fails to file or complete such a report or form within the time limits specified in this Act or rules adopted under this Act.”

- Two (2) forms were filed late (\$200.00).

39-A M.R.S.A. Sec. 360(2)

“The board may assess, after hearing, a civil penalty in an amount not to exceed \$1,000 for an individual and \$10,000 for a corporation, partnership or other legal entity for any willful violation of this Act, fraud or intentional misrepresentation. The board may also require that person to repay any compensation received through a violation of this act, fraud or intentional misrepresentation or to pay any compensation withheld through a violation of this Act, fraud or misrepresentation, with interest at the rate of 10% per year.

INDEMNITY BENEFITS

A. Prompt Initial Payment of Benefits

			2001	
			Number	Percent
Check Mailed Within:				
0-14	Days	Compliant	0	0%
15-28	Days		0	0%
29+	Days		0	0%
Not Paid			1	100%
Total Due			1	100%

B. Prompt Subsequent Payment of Benefits

			2001	
			Number	Percent
Check Mailed Within:				
0-7	Days	Compliant	0	0%
8-14	Days		0	0%
15 +	Days		0	0%
Total Due			0	100%

C. Accuracy of Average Weekly Wage

			2001	
			Number	Percent
Calculated:				
Correct		Compliant	0	0%
Unknown			1	100%
Total			1	100%

D. Accuracy of Weekly Benefit Rate

			2001	
			Number	Percent
Calculated:				
Correct		Compliant	0	0%
Unknown			1	100%
Total			1	100%

FORM FILING

A. First Report (WCB-1)

		2001	
		Number	Percent
Filed	Compliant	0	0%
Filed Late		1	50%
Not Required		1	50%
Total Due		2	100%

B. Wage Statement (WCB-2)

		2001	
		Number	Percent
Received at the Board:			
Filed	Compliant	0	0%
Not Filed		1	100%
Total		1	100%

C. Schedule of Dependent(s) and Filing Status Statement (WCB-2A)

		2001	
		Number	Percent
Received at the Board:			
Filed	Compliant	0	0%
Not Filed		1	100%
Total		1	100%

D. Memorandum of Payment (WCB-3)

		2001	
		Number	Percent
Received at the Board:			
Filed	Compliant	0	0%
Not Filed		1	100%
Total		1	100%

FORM FILING (Continued)

E. Discontinuance or Modification (WCB-4)

		2001	
		Number	Percent
Received at the Board:			
Filed	Compliant	0	0%
Not Filed		1	100%
Total		1	100%

F. Notice of Controversy (WCB-9)

		2001	
		Number	Percent
Received at the Board:			
Filed	Compliant	0	0%
Filed Late		1	100%
Total		1	100%